**Submission to the Independent Review of the APS – July 2018**

**Leading the APS in the 21st Century: “When soft is hard”.**

“Our challenge (in the APS) is to ensure we’re fit-for-purpose for the decades ahead given the staggering array of global, technological and public policy developments shaking up our economy and society. That is why I recommended to the Prime Minister that we undertake the Independent Review of the APS”. Dr Parkinson went on, at the Opening of Innovation Month on 3 July 2018 in the Q&A session which followed his address, to underline the need for adaptive leaders, and leading at all levels of the Service.

In the context of a report on governance in the APS, Elizabeth Alexander and David Thodey observed that “The challenge for public sector organisations is more acute because of multiple stakeholders, intense public and political scrutiny, and the growing expectations of citizens” (Independent Review of the PGPA Act and Rule-Consultation Draft, 2018).

These remarks establish the context for this submission. They reinforce the fact that change will continue at a rapid rate and in a variety of, as yet, unforeseen ways – and from multiple directions. Officers of the APS will need to be observant, strategic, astute and nimble in their responses. Accordingly, the Review is future focussed, with a mandate to address the capabilities, culture and operating model which will fit the APS for future challenges. In particular, the Government is looking for an APS which can drive both policy and implementation through coherent, collaborative, whole-of-government approaches. Against that background, this submission contends that:

* The highest quality leadership and people management is the fundamental capability the APS must cultivate and sustain to engage with the issues ahead. This will enable the APS to attract, motivate, develop and retain the wide variety of staff and capabilities that it will require for that future – whether that is the ability to handle and analyse big data; understand and deploy appropriate technologies for everything from defence joint operations to Centrelink services; or whatever else the future requires.
* Accordingly, the APS will require a culture which is open, respectful and connected – both to its people and those whom it serves. That culture will be enabled by executives who can respond**,** engage**,** andattend even more effectively, and produce sustainable solutions, in dealing with the major issues confronting citizens, communities and employees. It requires a culture that grapples with and manages risk, and does not avoid or deny it.
* And to do these things, the APS requires a sensible operating model to deliver fit for purpose organisations; and which includes an ‘external’ dimension based on partnership and collaboration to harness difference and diversity. For decades now, everything the public service has done by way of advising, regulating and delivering programs has been contestable – whether that has been recognised or not. It is not a stand-alone provider of policy advice to Government. It has great expertise and capability; and it requires high quality leadership which is insightful and humble enough to be open to complement and supplement this expertise and capacity with the best that the community and industry has to offer.

High quality leadership and people management is not ‘soft’ or easy work. Managing people well is hard work which is a high priority in itself - and it has tangible business consequences.

Numerous studies show that good leadership and management of people around meaningful and challenging work, worthy of people’s full commitment, yields improved productivity and realisation of discretionary effort (see for example Robert Rosen’s “Leading People” and various articles in the Harvard Business Review and other management journals). The so-called ‘soft’ skills are critical - being able to listen and respond calmly, thoughtfully and respectfully; giving and receiving feedback and dealing with underperformance constructively; working across silos to harness expertise and build effective partnerships; and motivating and maintaining effective working teams. This is what agencies need to deliver positive outcomes in whatever field they operate.

**It is my belief, based on my career in the APS, that we need a ‘whole of service” strategic focus on top flight leadership and people management of the same intensity and breadth as we saw given to financial management and evaluation in the 1980s and 90s – and not a one year wonder, but an intentional, focussed long term program**.

Why? Because given Australia’s demographics, with diminishing numbers of younger people entering the workforce and even with a strong professional migration program, there is going to be even more intense competition for talent in the decades ahead. If we don’t have the leaders and managers who are capable of inspiring and motivating those potential new recruits; if we don’t have leaders and managers who can work with and enable this generation and the next to learn and grow, to build new skills and take on the challenges and risks ahead, then we run the real possibility of ending up with a second class service.

In my view, we are complacent in this country because we have been blessed, on the whole, with high quality public policy and administration. But as anyone knows who has lived or worked in countries where a merit based, apolitical and professional public service is not the norm, those countries are much the poorer and their citizenry diminished for the lack of such a service – and not just economically and commercially, but also socially.

I want to say a few things about leadership, capabilities and culture – why they are important and why ‘soft’ is in fact ‘hard’. I will touch also on the way through on a simple operating model. I will conclude with a recommendation for consideration.

The Australian Institute of Human Resources did research some years back about what employees want from their leaders. At that time, two key elements emerged: staff wanted leaders who knew where they were going; and leaders who cared about them.

That makes perfect sense. To know where you are going you have to give attention to your strategic direction, the environment in which you are operating, and the vision you want to realise. What is it we are trying to achieve, why, and how are we going to get there?

And, while perhaps heightened in an age of increasing uncertainty and accelerating change, staff have always wanted leaders who take an interest in, and care about, them. Leaders in whom they can trust and have confidence; that they will be respected, supported and nurtured to learn and develop; and that they will be dealt with fairly and as adults. So when there is communication from the leader or leadership, they can have confidence that it is straightforward, accurate and trustworthy.

Interestingly, Dr Bruce Pfau, a Partner at KPMG and a former Vice Chair of Human Resources and Communications, wrote in the Harvard Business Review in April 2016 that irrespective of the generation, race or gender of employees, they typically want the same things from work. Four key questions continued to recur when employees were deciding whether to join or stay with an organisation and give it their discretionary effort.

* Is this an organisation of which I can be proud? Employees want to be proud of their organisation, they want to work for successful, high-performing agencies and for leaders with a blend of competence, integrity and vision.
* Can I maximise my performance on the job? Virtually all employees want to be able to do a good job. That means working in an environment that will make the most of their skills and which provides the resources information, authority and training necessary to perform at their best.
* Are people treated well economically and interpersonally? People want to work in an inclusive environment where they are respected, valued and treated fairly. They want to be listened to and they want their contributions recognised and rewarded both financially and psychologically.
* Is the work itself fulfilling and enjoyable? Everyone wants to enjoy the work they do and the people with whom they work. They want also to derive a sense of meaning and purpose from what they do every day.

Leaders and organisations which create environments in which employees answer a resounding “yes” to these questions, regardless of generation or other background, will win the war for talent. And achieving that “yes” requires time, care, deliberate attention, belief in, and support of, your people. I understand that these questions are very similar to the APS Employee Census questions that make up the engagement index.

The APS has to compete, as never before, on the quality of its leadership and management, and the fantastic range of jobs and meaningful work that is available across the APS. It requires a culture and reputation for innovation, challenge, coaching, care and capability development; because if younger employees are not being challenged and building new skills, they won’t hang around.

Alongside high quality leadership and people management, the APS also will require an operating model to fulfil core responsibilities and key functions. One which is flexible enough to cater for different agencies and their requirements. There are many that might be adopted but one that still has resonance and is quite straightforward is Elliot Jacques’ “Requisite Organisation”. His framework has five key themes – Placing the right people in the right jobs; doing the right work at the right level; adding value at every level; holding authorised managers accountable for their performance; and establishing a culture of continuous improvement. These are well known themes (with much more detail behind them) but that doesn’t make them out of date or any less challenging. This model also starts with the task/s to be performed rather than a “cookie cutter” organisational model to be implemented. Instituting such a framework takes executive time and attention to be realised - to make careful appraisals and judgements about the work to be done, the capabilities required, the strategy to be employed and the structure that will best deliver a result. It requires putting time into explaining and reinforcing expectations and requirements; and to supporting and enabling that “requisite” workforce.

Of course there is plenty of good material on operating models and key elements to be included. One recent and sobering piece of work was Peter Shergold’s report “Learning from Failure”. He covers some critically important dimensions including the creation of a positive risk culture; opening up the APS; and embracing adaptive Government – all of which require wise leadership.

Let me finish up with a few remarks on high performing organisations and culture.

Goran Carstedt, a Swedish business executive who lead Volvo in Europe and established IKEA in the USA, an executive who worked with Peter Senge and the Society for Organisational Learning (SOL), suggested that high performing organisations have three basic characteristics**:** they have a challenging mission, meaningful work, and shared values.

If you think about these three you come back, I suggest, to the critical importance of high quality leadership and people management. High achieving leaders set a vision and challenging mission and communicate it clearly and with passion to their staff - and staff want to follow. High quality leaders and managers make sure that people have meaningful work; that in undertaking their tasks or projects they have a clear line of sight to the end point and can see how they contribute. Such staff are appropriately recognised and feel liberated to ‘take a lead’ at whatever level they are working. This kind of motivation is indicative of Frederick Herzberg’s work on motivational as opposed to hygiene factors that affect the efforts of employees.

Most importantly, these leaders communicate and model the shared values that mark their organisation. And they’re values of which the people in such organisations can be proud. It makes them great places to work. “This is the way we do things around here; this is the way that you can expect to be treated and this is the way we want you to treat others with whom you work and the clients whom you serve. These are the standards and hallmarks and we expect nothing less”.

The APS has a very challenging mission in leading public policy and administration in this country; and I know that the APS embraces a broad and exciting range of meaningful work – from how we deliver services to different communities in a variety of regions, to how we address and balance sensitive foreign and defence relationships, to how we manage the education and health of our nation, to how we achieve sustainable development …And the list goes on.

And we have a clear and meaningful statement of values in the APS.

A few years ago, the APSC undertook an exercise to reconsider the APS values and after extensive consultation it came up with a very important, focussed statement of these values. At that time, I was Deputy Chief Executive of the Australian Trade Commission (Austrade). Austrade employed staff in some 50 different countries and cultures. So cross cultural communication was very important and having a simple, unifying set of values which leaders across the organisation could share, and endeavour to model, was critical to our effectiveness. We argued at that time for a straightforward, succinct and clear statement of values which would be meaningful to our employees – Australian and non-Australian alike. Impartial: Committed to service: Accountable: Respectful: Ethical (ICARE) fitted the bill.

For me, this statement of values captured the essentials, and the acronym also carried a key message – it goes to the heart of a service culture which should care for its people and care for the citizens whom it serves. One is linked to the other. As the APS acts impartially, with commitment and accountability towards its own staff; as officers are respectful and discharge their responsibilities ethically and with integrity; so they are able in turn to apply those same values and fulfil their responsibilities to the Government and the Australian community.

For a high performing APS, these values have to be front and centre. They have to be the bedrock on which the Service operates. The APS and its officers will need the inner compass provided by such values if they are to continue to provide Government with confidence that they know what they are about; that they can be trusted in their advice and dealings with the Executive and the Parliament; and that they have a genuine concern to address the needs and requirements of our rich and diverse community.

Soft is indeed hard when it comes to operating in a values-centric way.

My **recommendation** is for a new Leadership and People Management program. It should be a flagship initiative and a key plank in any overarching APS strategy to attract and retain the best talent available for the myriad of policy, programme, regulatory, client service and administrative tasks which the APS is required to deliver for the Australian community. It would involve all SES and EL staff; it would have both core elements and elective elements so that it is tailored and fit for purpose for a variety of agencies. An indication of some of the core skills I suggest are required is outlined at Attachment 1 (We REAP what we sow: How can we expect good outcomes if we don’t build the right skills?). It would have a range of delivery modes to reflect the different subject matter and the circumstances of those undertaking it in various parts of the country. It would have the enthusiastic and committed support of the Government, Secretaries and Heads of Agencies, and there would be high profile awards for outstanding participants across the Service – in regions and in Canberra. It would not be a “silver bullet” solution, but it would be a clear signal that the APS was serious about its people, about attracting the best talent and developing them to provide the highest quality service to Government and to the Australian community. It could be lead and delivered by a coalition of the APSC, ANZSOG and various interested tertiary institutions around the country; and it could be funded readily by applying a levy on the average annual spend by all APS agencies on consultants and contractors over the last three years.

As a former Public Service Commissioner said more than a century ago, one of the key responsibilities of public service leaders is stewardship; and in their stewardship role, APS leaders and managers are fundamentally responsible for the vitality of the APS as a critical asset – and they are accountable for this asset to the Australian Government and the Australian people. Giving time and attention to top quality leadership and management of the officers of the APS needs to be understood as an investment for our future.

***Peter Yuile***

**Attachment 1 – “We REAP what we sow: How can we expect good outcomes if we don’t build the right skills?” (An unpublished article prepared for The Public Sector Informant)**

Ministers, Agency Heads and CEOs need their executives to **Respond, Engage,** and **Attend** more effectively, and **Produce** (REAP) more sustainable solutions in dealing with the major issues confronting citizens, communities and employees. People want to be heard and responded to - thoughtfully and respectfully. So the REAP qualities are powerful tools to get jobs done better and with real impact.

However, these qualities require skilful implementation and they need to be modelled by senior people to make a difference. That was my experience as a senior executive.

In particular, the skills include being mindful, attentive and actively listening; having a capability to stand in the shoes of another person and deeply empathise, especially with those who have a very different lived experience; and then having the motivation and courage to respond practically and with compassion to the dislocation, suffering or disaffection being confronted.

**The skills that support Responsiveness, Engagement, Attentiveness and Productivity are not easy to come by, but research is showing that they can be developed.**

Modern neuroscience and psychology are bringing new insights to our understanding of the brain and how it interacts with our emotional regulatory systems to allow deeper appreciation of another’s perspective, as well as how to enable the decision-making capabilities required for a more complex and challenging policy, program and regulatory landscape. International research by Dr Daniel Goleman on emotional intelligence and leadership; Dr Roman Krznaric’s insight into empathic conversations; and Professor Paul Gilbert’s writing on the courage required for truly compassionate responses are a few examples of those addressing the skills required of executives in modern organisations.

The trouble is that we are often bedazzled by calls for ‘strong leadership’. This regularly translates into those in charge bulldozing through on the basis of their own predispositions and prejudices, often responding at a basic and instinctive level to complex issues and not hitting the mark. And yet time and time again we hear that the so-called ‘soft’ skills are critical - being able to listen and respond calmly, thoughtfully and respectfully; working across silos to harness expertise and build effective partnerships; and motivating and maintaining effective working teams. This is what agencies and businesses need, to deliver positive outcomes - in economic, social and environmental policy settings. It is clear that ‘soft’ is in fact ‘hard’.

So what can we do? The first step is to acknowledge the critical importance of the basic skills required to Respond, Engage, Attend and Produce (REAP) good, sustainable outcomes. It is also important to recognise when they are in short supply. The second step is to look for programs that can help executives build these skills. The third is to maintain practices which further develop and embed them in organisations. These skills will make a difference to the outcomes being sought by Ministers and by chief executives and improve the performance of agencies and businesses. They will deliver resilience and a sense of achievement, while leading to policies and programs that are meaningful for citizens and communities.

I have participated in such a program developed by Professor Dan Martin and his colleague, Dr Yotam Heineberg, from Stanford University. It is an on-line, 8 part self-paced skills program that involves reading, reflection, journaling and action, undertaken in partnership with a colleague. You need to be prepared to be open and honest with yourself and another. I found the whole course helpful, particularly the units on empathic listening and leadership; personal values and organisational alignment; understanding our emotion regulation systems and decision-making; and practising self-care and compassion – especially good for those who regularly beat themselves up about their performance! I believe this program could have real power and impact in public sector organisations.

***Peter Yuile***

***Coaching Mentoring Advising***

***Director, Australia21 W: peteryuile.com***